Economic Outlook for the U.S. and DC Metro Area

Presentation to

RSM Clients, Alumni & Friends Event

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November 3, 2016
U.S. Gross Domestic Product
Quarterly Change: 2007 – 2017

Source: Bureau of Economic Analysis, IHS Economics August 2016
Recession Recovery Patterns of GDP
Past Four Recessions

% Change in GDP*

Quarters After Trough

* in 1992 or 2009 Chained Dollars
** Quarters 26+ include the 2009 Recession

Sources: Bureau of Economic Analysis, GMU Center for Regional Analysis
Increasing Role of Exports
% of GDP 28 Quarters Post-Recession

* Quarters 26+ include the 2009 Recession
Source: Bureau of Economic Analysis
Decreasing Role of Residential Investment
% of GDP 28 Quarters Post-Recession

* Quarters 26+ include the 2009 Recession
Source: Bureau of Economic Analysis
U.S. Leading Index
Month-Over-Year Percent Change

Source: The Conference Board, GMU Center for Regional Analysis
ISM Manufacturing and Non-Manufacturing Indices

Source: Institute for Supply Management
U.S. New and Existing Home Sales

Source: National Association of Home Builders (New), National Association of Realtors (Existing)
Growth in Total Consumption Outlays

Source: Bureau of Economic Analysis, IHS Economics August 2016
Annual Change in Payroll Jobs – US
Month-Over-Year

Sep = +2.4M

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Initial Claims for Unemployment

4-Week Moving Average

Source: Department of Labor
Source: Bureau of Labor Statistics (Seasonally Adjusted), IHS Economics August 2016
Source: The Conference Board, GMU Center for Regional Analysis

Expectations = 83.9
Current = 120.6

Consumer Confidence

1985 = 100

Expectations

Current Situation
The Washington Economy
2010 Structure of the Greater Washington Economy

Local Serving Activities 34.8%
Non-Local Business 12.0%
Other Federal 10.7%
Fed Wages & Salaries 10.0%
Total Federal 39.8%
Procurement 19.1%
Other 1.5%
HealthEd. 4.5%
Intl 1.3%
Assn 2.1%

Source: GMU Center for Regional Analysis

TOTAL = $1,235.9 Billion

Source: US Census, Consolidated Federal Funds Report and USAspending.gov
Annual Job Change
Washington MSA, 2002-2016

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Professional & Business Services
Washington MSA

Annual Data

Annual Month over Year

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Professional & Business Services
Washington MSA
Annual Month Over the Year

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Federal Government
Washington MSA

Annual Data

Annual Month over Year

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Sep-16 Total: 369.8
Job Change by Sector
Sep 2015 – Sep 2016
Washington MSA

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
WMSA Payroll Job Change: Private Sector
The Great Recession and Recovery


Prof. & Bus. Svcs  -24  0  83
Educ & Health Svcs -23  0  65
Retail Trade       -34  0  43
Leisure & Hosp.    -49  0  97
Construction       -8   0  34
Other Services     -10  0  24
Financial          -12  0  10
Information        -10  0  10
Manufacturing      -7   0  0
Whse Trade         -5   0  2
Transp. & Util.    -5   0  3

Total -181  Total 363

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
15 Largest Job Markets
Job Change: Sep 2015 – Sep 2016

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Unemployment Rates in the WMSA
By Sub-State Area, 2009-2016

WDC Metro Area
Population Components of Change

Source: Census Bureau
Percent Change in Inventories of Existing Homes
Month-Over-Year 2000 – 2016, MSA

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis. Total monthly inventory includes listings active at the end of the month plus sales during the month.
Total Active Listings Per Sale
Aug Each Year – Metro Area

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Median House Sales Price
Washington MSA

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Washington MSA
Building Permits
2003 – 2016, 3-Month Moving Avg

Source: Census Bureau, GMU Center for Regional Analysis
Washington MSA Leading Economic Index
Month-Over-Year Percent Change

Source: GMU Center for Regional Analysis
U.S. GDP and Washington Area GRP
2007 – 2015 – 2020
(Annual % Change)

Source: IHS Economics, GMU Center for Regional Analysis, Forecast: April 2016
Economic Outlook (GRP), 2007-2020
Washington Area and Sub-State Areas
(Annual % Change)

Source: GMU Center for Regional Analysis, Forecast: April 2016
### Employment Change in the WMSA by Sub-State Area (000s)

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<tr>
<td>REGION</td>
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<td>18.9</td>
<td>59.4</td>
<td>59.8</td>
<td>51.0</td>
<td>40.6</td>
<td>34.6</td>
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Source: BLS, IHS Economics, GMU Center for Regional Analysis (January 2016)

NOTE: The regional totals do not include Jefferson, WV.

Average Annual Change 1990-2010 = 36,000
Where are we?

- We are growing:
  - Some diversification
  - Some catch-up
  - Recent job growth across all wage levels

- Advantages
  - Government Center
  - International Institutions
  - Connectivity to the World
  - Concentration of Leaders
  - High Quality-of-Life
  - Diverse Population
  - Higher Educational Services
  - Educated Work Force
  - High Labor Force Participation
  - Advanced Occupational Specializations

- Headwinds
  - Sequester?
  - Further market shifts needed
  - Cost of living
  - Cost of doing business
  - Mobility
  - Access to capital
  - Lack of regional branding, economic development cooperation
  - Globally competitive?
Thank You
Questions

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